



TO: T.C. Broadnax, City Manager
FROM: *tw* Tadd Wille, Budget Director *AZ*
Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Request for Ordinance to State the Dollar and Percent Increase for the Property Tax Levy on November 17, 2015
DATE: October 28, 2015

SUMMARY:

The City of Tacoma is required by state law to annually approve the regular levy on property taxes. Staff recommends that the City Council authorize a 0.52704% and \$287,827 dollar increase to the City's actual levy from 2015. By authorizing the increase, the City is allowing the regular levy be set at the highest allowable levy amount.

STRATEGIC POLICY PRIORITY:

- Strengthen and maintain a strong fiscal management position

BACKGROUND:

In order to increase the City's highest lawful levy, the City is required to authorize the percent and dollar increase over the City's actual levy from the previous year.

ISSUE:

The City of Tacoma must take two actions to set the regular property tax levy for 2016:

- Approve the total regular levy amount to be collected – State law requires that the City adopt an ordinance that states how much in property taxes the City is requesting to collect in 2016.
- Approve the percentage and dollar increase over the prior year's actual levy – State law requires that the City Council approve a separate ordinance or resolution that states the percentage and dollar increase of this year's levy request over the prior year's actual levy. This action establishes the City's highest allowable levy amount.

This ordinance will authorize a 0.52704% and \$287,827 dollar increase over previous year's actual levy of \$54,612,136.61. By authorizing the increase, the City is allowing the regular levy to be set at the highest allowable levy amount. The prior year's actual levy includes refunds and new construction amounts however; this year's levy does not include new construction or refunds for the purposes of this calculation.

Jurisdictions with populations of 10,000 or greater are limited to increasing the City's levy by the lower of 1% or the rate of inflation. The implicit price deflator, used to measure inflation, is 0.251%. With the statement of substantial need, the 2016 collection can increase 1% over the City's highest levy amount since 1985.

ALTERNATIVES:

The City of Tacoma is required to authorize the percent and dollar increase in order to increase the City's highest levy; therefore, staff has not identified an alternative.



RECOMMENDATION:

Staff recommends that the City Council approve the ordinance to authorize a 0.52704% and \$287,827 dollar increase to the City's actual levy amount from 2015.

FISCAL IMPACT:

There is no fiscal impact.